

## Private demand lags behind

Pihlajalinna's Q3 result was in line with our expectations. Revenue increased by 1% y/y to EUR 124m. Adj. EBIT was EUR 8.7m. Guidance for 20E was not given due to the uncertainties caused by the pandemic. We keep our rating "HOLD" with TP of EUR 9.5 intact.

### Result in line with our expectations

Pihlajalinna's Q3 result was in line with our expectations. Revenue increased by 1% y/y to EUR 123.9m vs. EUR 125.0m/122.2m Evli/cons. Revenue was boosted by the COVID-19 testing which increased revenue by EUR 3.4m. The recovery of the private demand has been weaker than what we anticipated. Among private customers, the demand for private clinic services declined by 6% and for dental care services by 8%. The fitness centers have lost ~6000 member customers due to the coronavirus restrictions. Adj. EBITDA was EUR 17.2m vs EUR 17.3m/16.0m Evli/cons and adj. EBIT totaled EUR 8.7m vs. EUR 8.4m/7.2m Evli/cons.

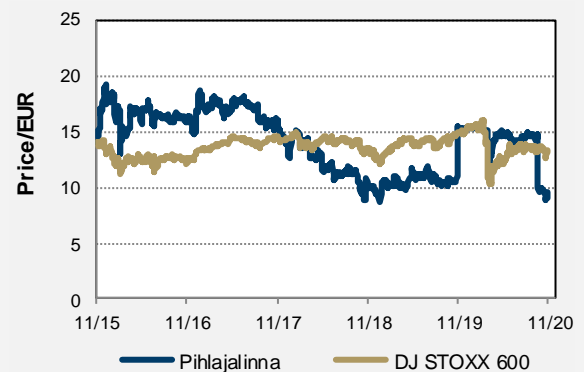
### Private demand hampered by the prolonging virus situation

Even though the pent-up demand has started to release, the private demand is still lagging behind. We expect the demand to continue to normalize during the final quarter, but the prolonging pandemic situation is still likely to have a negative impact on demand. Especially the outlook of fitness centers remains weaker due to the restrictions. At the same time, the COVID-19 testing has grown significantly which should benefit Pihlajalinna in the future as well. The company is targeting to strengthen its occupational healthcare services and has started negotiations for the purchase of all shares in Työterveys Virta. The transaction would give Pihlajalinna almost 30% share of the occupational healthcare market in the Oulu region and it would be strategically very important for the company.

### "HOLD" with TP of EUR 9.5 intact

The FCCA has proposed the market court to prohibit the merger between Mehiläinen and Pihlajalinna. The tender offer will run until 20<sup>th</sup> of Nov. We have therefore returned to see Pihlajalinna as an independent service provider also in the future. We have slightly decreased our estimates and expect 20E revenue of EUR 507m (-2.3% y/y) and adj. EBIT of EUR 18.9m. On our estimates, the company trades at 20E-21E EV/EBITDA multiple of 7.9x and 6.4x, which translates into 17-23% discount compared the peers. We keep our rating "HOLD" and TP of EUR 9.5.

## Rating ■ HOLD



Share price, EUR (Last trading day's closing price)	9.48
Target price, EUR	9.5

Latest change in rating	11-May-20
Latest report on company	30-Oct-20
Research paid by issuer:	YES
No. of shares outstanding, '000's	22,573
No. of shares fully diluted, '000's	22,573
Market cap, EURm	214
Free float, %	79.6
Exchange rate	0.000
Reuters code	PIHLIS.HE
Bloomberg code	PIHLIS FH
Average daily volume, EURm	na.
Next interim report	19-Feb-21
Web site	investors.pihlajalinna.fi

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■ BUY 
 ■ HOLD 
 ■ SELL

## KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2018	487.8	14.4	3.0%	-74.5	0.20	42.4	0.8	27.1	-38.2	0.10
2019	518.7	20.9	4.0%	9.6	0.47	32.3	1.1	26.6	2.8	0.00
2020E	506.6	18.9	3.7%	-3.1	0.42	22.8	0.8	22.3	-1.4	0.14
2021E	549.1	26.7	4.9%	17.4	0.67	14.1	0.7	15.2	8.1	0.22
2022E	565.6	35.1	6.2%	20.4	1.00	9.4	0.7	11.1	9.6	0.33
Market cap, EURm		214	Gearing 2020E, %			171.0	CAGR EPS 2019-22, %			28.5
Net debt 2020E, EURm		197	Price/book 2020E			1.9	CAGR sales 2019-22, %			2.9
Enterprise value, EURm		421	Dividend yield 2020E, %			1.4	ROE 2020E, %			8.9
Total assets 2020E, EURm		431	Tax rate 2020E, %			19.9	ROCE 2020E, %			5.6
Goodwill 2020E, EURm		174	Equity ratio 2020E, %			26.8	PEG, P/E 20/CAGR			0.6

## Estimates

Net sales	2017	2018	Q1'19	Q2'19	Q3'19	Q4'19	2019	Q1'20	Q2'20	Q3'20	Q4'20E	2020E
Corporate Customers	82.6	103.7	31.6	30.3	27.0	32.8	121.7	32.9	27.8	30.7	36.0	127.4
of which insurance companies	26.6	25.2	7.1	6.7	5.9	7.9	27.6	8.3	6.6	6.4	8.7	30.0
of which other corporates	56.0	78.5	24.5	23.6	21.1	24.9	94.1	24.6	21.2	24.3	27.4	97.5
Private Customers	67.9	92.1	26.5	25.6	21.1	24.9	98.1	23.5	14.7	19.5	23.9	81.6
Public sector customers	330.5	349.7	89.3	89.6	90.0	91.9	360.8	92.6	88.1	88.9	91.0	360.6
<b>Total</b>	<b>424.0</b>	<b>487.8</b>	<b>132.5</b>	<b>129.7</b>	<b>122.7</b>	<b>133.8</b>	<b>518.6</b>	<b>133.0</b>	<b>114.7</b>	<b>123.9</b>	<b>135.1</b>	<b>506.6</b>
<b>Net sales growth</b>												
Corporate Customers	-	25.5%	20.6%	19.6%	18.4%	11.6%	17.3%	4.1%	-8.1%	13.7%	9.9%	4.8%
Private Customers	-	35.6%	19.4%	5.1%	0.5%	1.2%	6.5%	-11.3%	-42.5%	-7.6%	-4.0%	-16.8%
Public sector customers	-	5.8%	4.9%	-0.8%	5.0%	3.7%	3.2%	3.7%	-1.7%	-1.2%	-1.0%	-0.1%
<b>Total</b>	<b>6.2%</b>	<b>15.0%</b>	<b>11.1%</b>	<b>3.5%</b>	<b>5.5%</b>	<b>5.4%</b>	<b>6.3%</b>	<b>0.4%</b>	<b>-11.6%</b>	<b>0.9%</b>	<b>1.0%</b>	<b>-2.3%</b>
<b>Adj. EBITDA (group)</b>	34.0	45.9	12.6	10.8	17.4	14.4	55.2	12.7	9.0	17.2	14.2	53.1
<b>Adj. EBITDA-margin (group)</b>	8.0%	9.4%	9.5%	8.3%	14.2%	10.8%	10.6%	9.5%	7.8%	13.9%	10.5%	10.5%

Source: Pihlajalinna, Evli Research

## Valuation

PIHLAJALINNA PEER GROUP	Security identifier	MCAP Local FX	EV/EBITDA			EV/EBIT			P/E		
			20	21	22	20	21	22	20	21	22
Ambea AB	AMBEA-SE	5071	8.2x	7.2x	6.5x	17.8x	15.0x	12.8x	12.0x	10.0x	8.7x
Attendo AB	ATT-SE	6755	9.4x	8.3x	7.3x		22.0x	17.7x	75.0x	24.8x	16.0x
CareTech Holdings PLC	CTH-GB	514	9.3x	8.3x	7.6x	11.6x	10.1x	9.1x	11.1x	9.4x	8.5x
Fresenius SE & Co. KGaA	FRE-DE	18435	5.8x	5.2x	4.7x	9.0x	7.9x	7.1x	10.4x	9.2x	8.6x
Georgia Healthcare Group Plc	GHG-GB										
GHP Specialty Care AB	GHP-SE	1518	8.4x	8.6x	7.9x	16.2x	17.6x	16.2x	23.0x	26.0x	24.0x
Humana AB	HUM-SE	2997	7.9x	7.3x	6.7x	14.5x	12.7x	11.5x	12.6x	10.6x	9.4x
Korian SA	KORI-FR	2774	9.6x	8.1x	7.3x	26.8x	19.6x	17.7x	39.6x	18.3x	14.5x
LNA Sante SA	LNA-FR	453	10.5x	9.4x	9.6x	22.8x	18.7x	18.5x	27.8x	16.6x	14.1x
Mediclinic International Plc	MDC-GB	2256	10.4x	8.1x	7.4x	21.5x	13.8x	12.4x	25.9x	12.7x	11.1x
Orpea SA	ORP-FR	5908	15.6x	13.6x	12.2x	34.3x	27.5x	24.6x	38.2x	24.4x	21.4x
RHON-KLINIKUM AG	RHK-DE	1102							63.3x	38.3x	
Spire Healthcare Group PLC	SPI-GB	509	12.1x	8.5x	5.6x	42.5x	16.9x	10.5x		59.3x	30.4x
Terveystalo Oy Class A	TTALO-FI	1293	11.4x	9.4x	8.2x	27.3x	18.3x	14.9x	26.8x	18.6x	15.7x
<b>Peer Group Median</b>		<b>3929</b>	<b>9.5x</b>	<b>8.3x</b>	<b>7.4x</b>	<b>21.5x</b>	<b>17.2x</b>	<b>13.8x</b>	<b>26.3x</b>	<b>18.3x</b>	<b>14.3x</b>
<b>Peer Group Average</b>		<b>2256</b>	<b>9.9x</b>	<b>8.5x</b>	<b>7.6x</b>	<b>22.2x</b>	<b>16.7x</b>	<b>14.4x</b>	<b>30.5x</b>	<b>21.4x</b>	<b>15.2x</b>
<b>Pihlajalinna (Evli est.)</b>		<b>214</b>	<b>7.9x</b>	<b>6.4x</b>	<b>5.4x</b>	<b>22.3x</b>	<b>15.2x</b>	<b>11.1x</b>	<b>22.8x</b>	<b>14.1x</b>	<b>9.4x</b>
<i>Pihlajalinna premium/discount to peer median</i>			-17%	-23%	-27%	4%	-12%	-20%	-14%	-23%	-34%

Source: Factset, Evli Research

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2	2020Q3	2020Q4E	2020E	2021E	2022E
Net sales	132.5	129.7	122.7	133.8	518.7	133.0	114.7	123.9	135.1	506.6	549.1	565.6
EBITDA	12.5	10.9	17.4	14.3	55.1	12.7	9.0	17.2	14.2	53.1	63.2	71.9
<i>EBITDA margin (%)</i>	<i>9.4</i>	<i>8.4</i>	<i>14.2</i>	<i>10.7</i>	<i>10.6</i>	<i>9.5</i>	<i>7.8</i>	<i>13.9</i>	<i>10.5</i>	<i>10.5</i>	<i>11.5</i>	<i>12.7</i>
EBIT	3.9	2.1	9.3	5.6	20.9	4.2	0.6	8.7	5.4	18.9	26.7	35.1
<i>EBIT margin (%)</i>	<i>2.9</i>	<i>1.6</i>	<i>7.6</i>	<i>4.2</i>	<i>4.0</i>	<i>3.2</i>	<i>0.5</i>	<i>7.0</i>	<i>4.0</i>	<i>3.7</i>	<i>4.9</i>	<i>6.2</i>
Net financial items	-1.0	-1.0	-1.0	-1.0	-4.0	-1.4	-1.0	-1.0	-1.1	-4.5	-5.0	-4.0
Pre-tax profit	2.9	1.1	8.3	4.6	16.9	2.8	-0.4	7.7	4.3	14.4	21.7	31.1
Tax	-0.7	-0.3	-0.3	-0.6	-1.9	-0.6	0.1	-1.5	-0.9	-2.9	-4.3	-6.2
<i>Tax rate (%)</i>	<i>24.1</i>	<i>27.3</i>	<i>3.6</i>	<i>13.0</i>	<i>11.2</i>	<i>21.4</i>	<i>25.0</i>	<i>19.5</i>	<i>20.0</i>	<i>19.9</i>	<i>20.0</i>	<i>20.0</i>
Net profit	1.8	-0.1	6.6	2.4	10.7	2.1	0.0	5.4	1.9	9.4	15.2	22.7
EPS	0.08	0.00	0.29	0.11	0.47	0.09	0.00	0.24	0.08	0.42	0.67	1.00
EPS adjusted (diluted no. of shares)	0.08	0.00	0.29	0.11	0.47	0.09	0.00	0.24	0.08	0.42	0.67	1.00
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.14	0.22	0.33
<b>SALES, EURm</b>												
Corporate Customers	31.6	30.3	27.0	32.8	121.7	32.9	27.8	30.7	36.0	127.4	141.7	145.9
Private Customers	26.5	25.6	21.1	24.9	98.1	23.5	14.7	19.5	23.9	81.6	97.9	100.9
Public sector customers	89.3	89.6	90.0	91.9	360.8	92.6	88.1	88.9	91.0	360.6	373.8	385.0
Eliminations	-14.9	-15.7	-15.4	-15.8	-61.8	-16.0	-15.9	-15.2	-15.8	-63.0	-64.2	-66.2
<b>Total</b>	<b>132.5</b>	<b>129.7</b>	<b>122.7</b>	<b>133.8</b>	<b>518.7</b>	<b>133.0</b>	<b>114.7</b>	<b>123.9</b>	<b>135.1</b>	<b>506.6</b>	<b>549.1</b>	<b>565.6</b>
<b>SALES GROWTH, Y/Y %</b>												
<i>Corporate Customers</i>	<i>14.1</i>	<i>27.1</i>	<i>8.9</i>	<i>11.6</i>	<i>15.1</i>	<i>4.1</i>	<i>-8.1</i>	<i>13.7</i>	<i>9.9</i>	<i>4.8</i>	<i>11.2</i>	<i>3.0</i>
<i>Private Customers</i>	<i>19.4</i>	<i>5.1</i>	<i>1.0</i>	<i>1.2</i>	<i>6.6</i>	<i>-11.3</i>	<i>-42.5</i>	<i>-7.6</i>	<i>-4.0</i>	<i>-16.8</i>	<i>20.0</i>	<i>3.0</i>
<i>Public sector customers</i>	<i>6.9</i>	<i>-2.5</i>	<i>7.5</i>	<i>3.7</i>	<i>3.8</i>	<i>3.7</i>	<i>-1.7</i>	<i>-1.2</i>	<i>-1.0</i>	<i>-0.1</i>	<i>3.7</i>	<i>3.0</i>
<i>Eliminations</i>	<i>4.9</i>	<i>6.8</i>	<i>17.6</i>	<i>1.3</i>	<i>7.3</i>	<i>7.4</i>	<i>1.3</i>	<i>-1.0</i>	<i>0.3</i>	<i>1.9</i>	<i>2.0</i>	<i>3.0</i>
<b>Total</b>	<b>11.2</b>	<b>3.5</b>	<b>5.5</b>	<b>5.4</b>	<b>6.3</b>	<b>0.4</b>	<b>-11.6</b>	<b>0.9</b>	<b>1.0</b>	<b>-2.3</b>	<b>8.4</b>	<b>3.0</b>
<b>EBIT, EURm</b>												
Group	3.9	2.1	9.3	5.6	20.9	4.2	0.6	8.7	5.4	18.9	26.7	35.1
<b>Total</b>	<b>3.9</b>	<b>2.1</b>	<b>9.3</b>	<b>5.6</b>	<b>20.9</b>	<b>4.2</b>	<b>0.6</b>	<b>8.7</b>	<b>5.4</b>	<b>18.9</b>	<b>26.7</b>	<b>35.1</b>
<b>EBIT margin, %</b>												
<i>Total</i>	<i>2.9</i>	<i>1.6</i>	<i>7.6</i>	<i>4.2</i>	<i>4.0</i>	<i>3.2</i>	<i>0.5</i>	<i>7.0</i>	<i>4.0</i>	<i>3.7</i>	<i>4.9</i>	<i>6.2</i>

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	213.4	399.1	424.0	487.8	518.7	506.6	549.1	565.6
<i>Sales growth (%)</i>	<i>43.3</i>	<i>87.0</i>	<i>6.2</i>	<i>15.0</i>	<i>6.3</i>	<i>-2.3</i>	<i>8.4</i>	<i>3.0</i>
EBITDA	12.7	29.4	34.3	45.9	55.1	53.1	63.2	71.9
<i>EBITDA margin (%)</i>	<i>6.0</i>	<i>7.4</i>	<i>8.1</i>	<i>9.4</i>	<i>10.6</i>	<i>10.5</i>	<i>11.5</i>	<i>12.7</i>
Depreciation	-8.0	-12.8	-14.2	-31.5	-34.2	-34.3	-36.5	-36.8
EBITA	4.7	16.6	20.1	14.4	20.9	18.9	26.7	35.1
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.7	16.6	20.1	14.4	20.9	18.9	26.7	35.1
<i>EBIT margin (%)</i>	<i>2.2</i>	<i>4.2</i>	<i>4.7</i>	<i>3.0</i>	<i>4.0</i>	<i>3.7</i>	<i>4.9</i>	<i>6.2</i>
Reported EBIT	3.9	15.1	19.2	13.8	10.2	18.7	26.7	35.1
<i>EBIT margin (reported) (%)</i>	<i>1.8</i>	<i>3.8</i>	<i>4.5</i>	<i>2.8</i>	<i>2.0</i>	<i>3.7</i>	<i>4.9</i>	<i>6.2</i>
Net financials	-2.3	-1.2	-1.4	-3.8	-4.0	-4.5	-5.0	-4.0
Pre-tax profit	2.4	15.4	18.7	10.6	16.9	14.4	21.7	31.1
Taxes	-0.1	-3.0	-3.4	-2.7	-1.9	-2.9	-4.3	-6.2
Minority shares	-0.8	-2.7	-4.6	-3.3	-4.3	-2.1	-2.1	-2.2
Net profit	0.7	8.2	9.8	4.0	0.0	9.2	15.2	22.7
Cash NRIs	-0.8	-1.5	-0.9	-0.6	-10.7	-0.2	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	69	67	83	68	74	75	76	76
Goodwill	76	92	104	170	174	174	174	174
Right of use assets	0	0	0	116	108	106	107	110
Inventory	2	2	2	3	2	3	3	3
Receivables	20	27	25	40	47	31	34	35
Liquid funds	15	28	37	36	27	35	38	40
Total assets	185	218	254	437	438	431	438	443
<b>Liabilities</b>								
Shareholder's equity	92	98	100	121	101	110	122	140
Minority interest	1	3	6	9	5	5	5	5
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	119	114	106	107	110
Deferred taxes	5	6	6	6	6	6	6	6
Interest bearing debt	42	52	77	99	107	126	114	97
Non-interest bearing current liabilities	42	55	62	80	102	73	80	82
Other interest-free debt	3	3	3	3	2	2	2	2
Total liabilities	185	217	254	437	438	431	438	443
<b>CASH FLOW, EURm</b>								
+ EBITDA	13	29	34	46	55	53	63	72
- Net financial items	-2	-1	-1	-4	-4	-5	-5	-4
- Taxes	0	-2	-5	-5	-4	-3	-4	-6
- Increase in Net Working Capital	9	8	7	2	14	-13	3	1
+/- Other	-2	-1	0	-11	-15	-2	-2	-2
= Cash flow from operations	18	32	35	27	46	30	55	61
- Capex	-48	-5	-10	-23	-36	-33	-38	-40
- Acquisitions	0	-22	-17	-79	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-30	6	8	-74	10	-3	17	20
+/- New issues/buybacks	82	-1	-2	24	-22	0	0	0
- Paid dividend	0	0	-3	-3	-2	0	-3	-5
+/- Other	-48	7	7	53	5	12	-11	-14
Change in cash	4	12	10	-1	-9	8	3	1

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	380	275	195	346	214	214	214
Net debt (excl. convertibles)	25	40	181	194	197	183	167
Enterprise value	416	325	391	557	421	406	389
Sales	399	424	488	519	507	549	566
EBITDA	29	34	46	55	53	63	72
EBIT	17	20	14	21	19	27	35
Pre-tax	15	19	11	17	14	22	31
Earnings	10	11	5	11	9	15	23
Equity book value (excl. minorities)	98	100	121	101	110	122	140
<b>Valuation multiples</b>							
EV/sales	1.0	0.8	0.8	1.1	0.8	0.7	0.7
EV/EBITDA	14.2	9.5	8.5	10.1	7.9	6.4	5.4
EV/EBITA	25.1	16.2	27.1	26.6	22.3	15.2	11.1
EV/EBIT	25.1	16.2	27.1	26.6	22.3	15.2	11.1
EV/OCF	12.9	9.3	14.3	12.1	13.8	7.4	6.4
EV/FCFF	66.9	19.3	-11.7	20.3	26.1	9.8	8.4
P/FCFE	67.8	35.7	-2.6	36.0	-70.1	12.3	10.5
P/E	39.1	25.7	42.4	32.3	22.8	14.1	9.4
P/B	3.9	2.7	1.6	3.4	1.9	1.7	1.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.8	6.4	5.4
Target EV/EBIT	0.0	0.0	0.0	0.0	22.1	15.1	11.0
Target EV/FCF	0.0	0.0	0.0	0.0	-136.5	23.2	18.9
Target P/B	0.0	0.0	0.0	0.0	1.9	1.8	1.5
Target P/E	0.0	0.0	0.0	0.0	22.8	14.1	9.5
<b>Per share measures</b>							
Number of shares	20,613	20,613	22,620	22,620	22,573	22,573	22,573
Number of shares (diluted)	20,613	20,613	22,620	22,620	22,573	22,573	22,573
EPS	0.47	0.52	0.20	0.47	0.42	0.67	1.00
Operating cash flow per share	1.57	1.69	1.21	2.03	1.35	2.44	2.69
Free cash flow per share	0.27	0.37	-3.29	0.42	-0.14	0.77	0.91
Book value per share	4.74	4.87	5.36	4.47	4.89	5.42	6.20
Dividend per share	0.15	0.16	0.10	0.00	0.14	0.22	0.33
Dividend payout ratio, %	31.9	30.8	49.2	0.0	33.0	33.0	33.0
Dividend yield, %	0.8	1.2	1.2	0.0	1.4	2.3	3.5
FCF yield, %	1.5	2.8	-38.2	2.8	-1.4	8.1	9.6
<b>Efficiency measures</b>							
ROE	10.2	10.8	4.2	9.6	8.9	13.0	17.3
ROCE	11.7	12.2	5.4	6.2	5.6	7.7	10.0
<b>Financial ratios</b>							
Inventories as % of sales	0.5	0.5	0.5	0.4	0.5	0.5	0.5
Receivables as % of sales	6.7	5.9	8.2	9.1	6.2	6.2	6.2
Non-interest bearing liabilities as % of sales	13.8	14.6	16.3	19.7	14.5	14.5	14.5
NWC/sales, %	-6.9	-8.4	-8.0	-10.2	-7.9	-7.9	-7.9
Operative CAPEX/sales, %	1.3	2.4	4.6	7.0	6.6	6.9	7.1
CAPEX/sales (incl. acquisitions), %	-4.1	-1.6	-11.6	7.0	6.6	6.9	7.1
FCFF/EBITDA	0.2	0.5	-0.7	0.5	0.3	0.7	0.6
Net debt/EBITDA, book-weighted	0.8	1.2	3.9	3.5	3.7	2.9	2.3
Debt/equity, market-weighted	0.1	0.3	0.5	0.3	0.6	0.5	0.5
Equity ratio, book-weighted	46.4	41.8	29.8	24.2	26.8	29.1	32.7
Gearing, %	24.3	37.3	138.7	182.9	171.0	143.6	115.4

**COMPANY DESCRIPTION:** Pihlajalinna is the 3rd largest private social welfare and healthcare service provider in Finland offering a wide selection of services to private individuals, businesses, insurance companies and public sector entities, such as municipalities and joint municipal authorities. In its private clinics and hospitals Pihlajalinna provides general practitioner services, specialized care, emergency and on-call services, a wide range of surgical services, occupational healthcare and dental care. Pihlajalinna is the market leader in complete social and healthcare outsourcings in Finland.

**INVESTMENT CASE:** The demand for private social and healthcare services is growing due to ageing population and increasing pressure on public healthcare spending, offering Pihlajalinna growth opportunities in primary care as well as in specialized care. Profitability improvement stems from increased volumes and better utilization rate of the clinics.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Lähiapiola Keskinäinen Vakuutusyhtiö	3,481,641	33.006	15.4%
Mww Yhtiö Oy	2,309,010	21.889	10.2%
Fennia Mutual Insurance Company	1,998,965	18.950	8.9%
Tapiola Keskinäinen Henkivakuutusyhtiö	1,891,385	17.930	8.4%
Elo Pension Company	1,267,161	12.013	5.6%
Niemistö Leena Katriina	703,475	6.669	3.1%
Ilmarinen Mutual Pension Insurance Company	490,000	4.645	2.2%
Fondita Nordic Micro Cap	470,000	4.456	2.1%
Fennia Life Insurance Company Ltd	266,128	2.523	1.2%
Sijoitusrahasto Taaleritehdas Mikro Markka	260,000	2.465	1.2%
Ten largest	13,137,765	124.546	58%
Residual	9,434,971	89.444	42%
Total	22,572,736	213.990	100%

**EARNINGS CALENDAR**

February 19, 2021	FY 2020 Results
May 07, 2021	Q1 report
August 13, 2021	Q2 report
November 04, 2021	Q3 report

**OTHER EVENTS****COMPANY MISCELLANEOUS**

CEO: Joni Aaltonen	Kehräsaari B, 33200 Tampere
CFO: Tarja Rantala	Tel:
IR: Marko Savolainen	

## DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

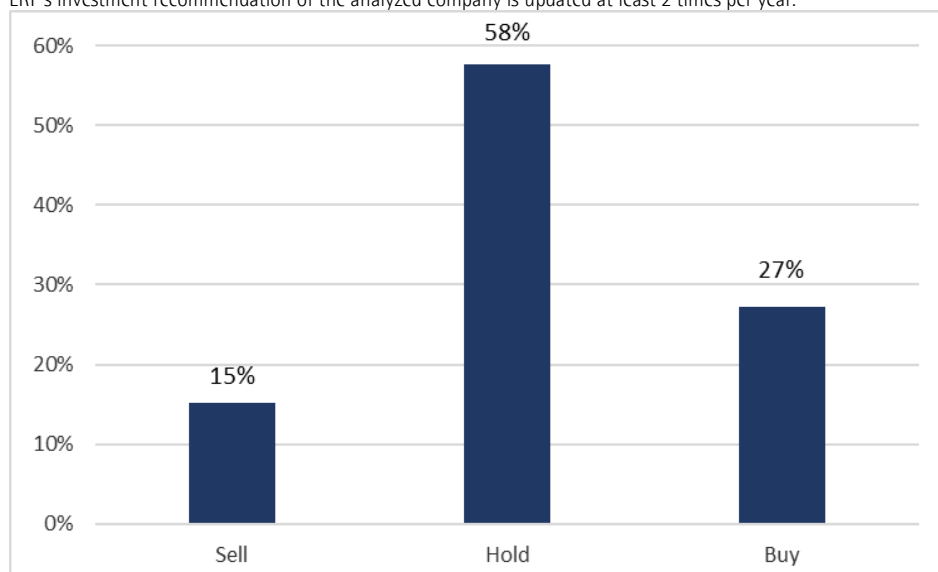
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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## Name(s) of the analyst(s): Rissanen

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